

Second-Party Opinion

Skandiabanken Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Skandiabanken Green Bond Framework is aligned with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of net proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7.



PROJECT EVALUATION AND SELECTION Skandiabanken’s Green Bond Committee will be responsible for evaluating and selecting eligible loans in line with the Framework’s eligibility criteria. The committee comprises representatives from Skandiabanken’s Treasury and Sustainability departments. Eligible mortgages and loans must comply with Swedish regulation, and Skandiabanken has in place a mechanism to manage and mitigate risks associated with them. Sustainalytics considers this and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Skandiabanken’s Treasury Department will be responsible for the management and allocation of net proceeds to eligible loans. The Bank will use its internal tracking systems to track the allocation of net proceeds and intends to allocate all net proceeds immediately at or within 12 months of issuance. Pending allocation, net proceeds may be temporarily held in the Bank’s liquidity reserve and held as cash or placed in liquid instruments. Sustainalytics considers this process to be in line with market practice.



REPORTING Skandiabanken commits to report on the allocation of net proceeds in its Green Bond Investor Report on its website on an annual basis until the maturity of any outstanding green bond issued under the Framework. The allocation report will contain information about the amount of net proceeds and unallocated net proceeds, a breakdown by asset category and the share of financing versus refinancing. In addition, Skandiabanken will report on relevant impact metrics on a best-effort basis. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Evaluation Date	November 1, 2023
Issuer Location	Stockholm, Sweden

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For inquiries, contact the Sustainable Corporate Solutions project team:

Lea Muething (Amsterdam)
Project Manager
lea.muething@sustainalytics.com
(+44) 20 3107 0137

Aakanksha Jain (Toronto)
Project Support

Stefan Spataru (Amsterdam)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Skandiabanken AB (“Skandiabanken” or the “Bank”) is a wholly owned subsidiary of Skandia Mutual Life Insurance Company, which is the parent of Skandia Group. The Bank was founded in 1994 and is headquartered in Stockholm, Sweden. It offers banking services in the Swedish retail market, including home mortgages, personal loans, credit cards, custody account lending and deposits.¹

Skandiabanken has developed the Skandiabanken Green Bond Framework (the “Framework”), under which it intends to issue green bonds and use the net proceeds to finance or refinance, in whole or in part, existing or future mortgages and loans that are expected to contribute to decarbonizing Sweden’s building stock.

The Framework defines eligibility criteria in one area:

1. Green Buildings

Skandiabanken engaged Sustainalytics to review the Skandiabanken Green Bond Framework, dated November 2023, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).² The Framework will be available in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.14, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Skandiabanken’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Skandiabanken representatives have confirmed (1) they understand it is the sole responsibility of Skandiabanken to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Skandiabanken.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ Skandiabanken, “Principles for responsible banking”, at: <https://www.skandia.se/globalassets/pdf/om-skandia/finansuell-information/skandiabanken/hallbarhetsrapportering/fns-principer-for-ansvarsfull-bankverksamhet-2022.pdf>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Skandiabanken Green Bond Framework is available on Skandiabanken AB’s website at: <https://www.skandia.se/om-oss/om-skandia/finansuell-information/disclaimer-skandiabanken/>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Skandiabanken has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Skandiabanken Green Bond Framework

Sustainalytics is of the opinion that the Skandiabanken Green Bond Framework is aligned with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible category, Green Buildings, is aligned with those recognized by the GBP.
 - Net proceeds will go towards eligible financial assets, namely mortgage loans for green buildings and renovations, which are referred to as eligible assets, eligible loans or eligible mortgages. Hence, operating expenditures will not be financed through the loans provided under the Framework. Sustainalytics views this to be in line with market practice.
 - Under the Green Buildings category, Skandiabanken will finance or refinance retail mortgages and loans for the ownership, acquisition, expansion, renovation and upgrades of residential buildings located in Sweden meeting one of the following criteria:
 - New buildings built after 2020 with a primary energy demand (PED) that is or will be at least 10% lower than the threshold set by Swedish building regulation BBR.⁵ Additionally, energy performance will be certified with a valid energy performance certificate.
 - Existing buildings that were built prior to 2021 that have either an EPC label class A or are among the top 15% of the national and regional building stock in terms of PED.
 - Regarding renovations of buildings, Skandiabanken has confirmed that under this expenditure, only the cost of renovations will be financed. Renovations are eligible if they: i) lead to a reduction in the PED of at least 30%; or ii) comply with the requirements for major renovations of the EU Taxonomy.⁶ Regarding the criterion related to major renovations, Sustainalytics notes that such requirements have not yet been set in Sweden and that Skandiabanken has confirmed that financing meeting this criterion will only take place once such requirements have been introduced. Additionally, Sustainalytics notes that the criterion under this expenditure refers to major renovation criteria from the EU Taxonomy. The EU Taxonomy⁷ requires meeting the relevant cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive, which varies among EU Member States. Therefore, for such financing, Sustainalytics encourages Skandiabanken to report on the actual improvement on primary energy demand performance or energy savings achieved in comparison with the existing building stock in the area or region when financing renovations that comply with the major renovation requirements.
- Project Evaluation and Selection:
 - Skandiabanken's internal process in evaluating and selecting eligible loans is overseen by its Green Bond Committee (the "Committee"), which is comprised of members from the Treasury and Sustainability departments. The Committee ascertains that the selected projects comply with all required national regulations.

⁵ According to Skandiabanken's interpretation, the NZEB requirements for buildings were introduced in Sweden's Boverket's Building Regulations (BBR).

Karlsson Hjorth, H.O. et al. (2021), "Implementation of the EPBD Sweden", Concerted Action EPBD, at: <https://epbd-ca.eu/wp-content/uploads/2022/10/Implementation-of-the-EPBD-in-Sweden.pdf>

⁶ European Commission, "Renovation of existing buildings", at: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/224/view>

⁷ European Commission, "Annex I to the Commission Delegated Regulation", (2021), at: https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC_2&format=PDF

- Sustainalytics notes that although the Bank plays a limited role in the activities financed under the Framework, it remains exposed to risks associated with offering lending and financial services. The Bank has in place a mechanism to manage and mitigate such risks. For additional details, see Section 2.
- Based on the establishment of the Committee and the presence of a risk management mechanism, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Skandiabanken has confirmed to Sustainalytics that the Bank's Treasury department will be responsible for the management and allocation of net proceeds following a portfolio approach. The Bank has further communicated to Sustainalytics that it will use its internal systems to track and report on the allocation of net proceeds.
 - The Bank has confirmed to Sustainalytics that it intends to allocate all net proceeds immediately or within 12 months of issuance. Unallocated proceeds will be held in Skandiabanken's liquidity reserve and held as cash or placed in liquid instruments, such as interest-bearing securities, which include, for example, government, municipal and covered bonds. Skandiabanken has confirmed to Sustainalytics that temporary investments will be done on an instrument level⁸ and that the Bank will exclude purchasing securities from issuers from carbon-intensive sectors.
 - Based on the management of proceeds approach and the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Skandiabanken commits to report on the allocation of net proceeds in its Green Bond Investor Report. The Bank has confirmed to Sustainalytics that reporting will be published on the Bank's website until maturity of any outstanding green bonds issued under the Framework. Allocation reporting will contain information about the amount of net proceeds allocated to eligible loans, unallocated net proceeds, a breakdown by asset category and the share of financing versus refinancing.
 - The Bank will report on the net proceeds' impact on a best-effort basis. Metrics will include annual energy savings (MWh or GWh) compared to relevant building codes, annual GHG emissions reduced (tCO₂e) as well as the portfolio distribution by EPC.
 - Sustainalytics encourages the Bank to report on the net proceeds' impact on an annual basis and considers the commitment to allocation reporting to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Skandiabanken Green Bond Framework aligns with the four core components of the GBP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Skandiabanken

Contribution to the sustainability strategy of Skandiabanken

Sustainalytics is of the opinion that Skandiabanken demonstrates a commitment to sustainability through its focus on: i) a transparent home mortgage model and responsible lending; ii) sustainable fund savings; and iii) alignment with international sustainability frameworks.⁹

As of 2023, the Bank offers an energy-saving service for its mortgage customers. The service consists of an analysis of the property's estimated energy class and energy consumption, followed by recommendations in terms of energy efficiency measures that can be financed with the Bank's products.¹⁰ The Bank also plans to launch green mortgages to enhance its green mortgage portfolio.¹¹

Skandiabanken aids its customers in making sustainable investment choices by offering sustainability-labelled funds, including its own funds and those created by third parties. The main requirement for Skandiabanken to label a fund as sustainable is that the fund's manager must have signed the UN

⁸ Rather than funds that invest in a portfolio of securities

⁹ Skandiabanken, "Sustainability Report 2022", at: <https://www.skandia.se/globalassets/pdf/om-skandia/finansuell-information/skandiabanken/hallbarhetsrapportering/skandiabanken-sustainability-report-final.pdf>

¹⁰ Skandiabanken, "Energieffektivisera ditt hus – spara energi och pengar", at: <https://www.skandia.se/lana/bolan/kopa-bostad/energieffektivisera-bostaden/>

¹¹ Skandiabanken, "Sustainability Report 2022", at: <https://www.skandia.se/globalassets/pdf/om-skandia/finansuell-information/skandiabanken/hallbarhetsrapportering/skandiabanken-sustainability-report-final.pdf>

Principles for Responsible Investments. In 2022, 17% of the Bank's fund offerings had a sustainability focus, representing 31% of the total volume of savings invested.¹²

To aid the responsible lending uniformity in the industry, in 2021, Skandiabanken and its peers collaborated in launching a code of conduct applying to all mortgage brokers with which the banks work. Skandiabanken also aligns with several international sustainability frameworks. In June 2021, the Bank signed the UN Principles for Responsible Banking, which help banks integrate sustainable development in line with the SDGs into their operations. Since 2021, the Bank has published two self-assessments and it commits to becoming fully compliant with the principles at the time of the fourth self-assessment report, in spring 2025. In July 2023, Skandiabanken joined the Partnership for Carbon Accounting Financials.¹³ The Bank has further informed Sustainalytics that it has initiated the process of measuring emissions from its lending portfolio, which aids in creating a baseline for future emissions-related targets.

Sustainalytics is of the opinion that the Skandiabanken Green Bond Framework is aligned with the Bank's overall sustainability efforts and initiatives and will further Skandiabanken's action on its key environmental and social priorities. Sustainalytics encourages Skandiabanken to set quantitative and time-bound sustainability targets.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible loans that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible loans could also lead to negative environmental and social outcomes. While the Bank plays a limited role in the development of the specific projects that it finances, by offering lending and financial services, it is exposed to risks associated with the projects that it may finance. Some key environmental and social risks possibly associated with the eligible loans could include issues related to: i) predatory lending; and ii) money laundering, bribery and corruption.

Sustainalytics is of the opinion that Skandiabanken is able to manage or mitigate potential risks through the implementation of the following:

- Regarding risks related to predatory lending, Sweden enforces a set of acts and regulations that protect consumers who take on credit obligations. Sweden's Consumer Credit Act, includes provisions such as lenders' obligation to disclose clear and transparent information regarding the terms and conditions of credit agreements, the right to withdrawal, avoidance of misleading marketing and advertising or maximum interest rates that lenders can charge.¹⁴ Additionally, the Mortgage Business Act requires creditors and credit intermediaries to act fairly and transparently by taking into account consumers' rights and interests when providing mortgages. The act also has provisions on the obligation of organizations engaged in credit granting in the field of mortgage loans to prevent money laundering and financing of terrorism.¹⁵ Skandiabanken enforces these acts and regulations through its Credit Framework. The Bank reduces the risk of predatory lending using a pricing model for mortgages that focuses on providing fair interest rates in a transparent manner to they do not have to engage in negotiating with the Bank,¹⁶ which prevents customers with limited knowledge, ability or time to negotiate from receiving higher interest rates than they should.
- To address risks associated with money laundering, bribery and corruption, Skandiabanken has a zero-tolerance policy for bribery and corruption in its Code of Conduct, which aims to combat financial crime. The Bank conducts its operations in compliance with internal and external regulations covering areas such as investment services, anti-money laundering and anti-terrorist financing. Additionally, Skandiabanken applies in-depth know-your-customer measures to further mitigate potential risks and safeguard its customers.¹⁷ Skandiabanken is also an active member of the Swedish Bankers' Association on countering financial crime.¹⁸
- Skandiabanken has its operations in Sweden, which is recognized as a Designated Country under the Equator Principles, indicating the presence of environmental and social governance legislation systems and institutional capacity are sufficient to ensure the mitigation of common environmental and social risks.¹⁹

¹² Ibid.

¹³ Partnership for Carbon Accounting Financials, "Financial institutions taking action", at: <https://carbonaccountingfinancials.com/financial-institutions-taking-action#financial-institutions-taking-action>

¹⁴ Government of Sweden, "Konsumentkreditlag (2010:1846)", at: <https://rkrattsbaser.gov.se/sfst?bet=2010:1846>

¹⁵ Government of Sweden, "Lag (2016:1024) om verksamhet med bostadskrediter", at: <https://rkrattsbaser.gov.se/sfst?bet=2016:1024>

¹⁶ Skandiabanken, "Sustainability Report 2022", at: <https://www.skandia.se/globalassets/pdf/om-skandia/finansuell-information/skandiabanken/hallbarhetsrapportering/skandiabanken-sustainability-report-final.pdf>

¹⁷ Skandiabanken, "Skandia's Code of Conduct", (2022), at: https://www.skandia.se/globalassets/pdf/om-skandia/hallbarhet/skandia_code-of-conduct.pdf

¹⁸ Swedish Bankers' Association, "Members", at: <https://www.swedishbankers.se/en-us/about/about-us/members/>

¹⁹ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

Based on these policies, Sustainalytics is of the opinion that Skandiabanken has implemented adequate measures and is well positioned to manage or mitigate the aforementioned risks commonly associated with the eligible category.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP and is relevant in the local context.

Importance of green buildings in the EU and Sweden

The buildings sector is a significant contributor of GHG emissions and the largest energy consumer in the European Union, accounting for 36% of total GHG emissions and 40% of the energy consumption in the bloc as of 2020.²⁰ Under the Climate Target Plan 2030, the EU targets to reduce its GHG emissions by 55% below 1990 levels by 2030 and to achieve climate neutrality by 2050.²¹ In order to achieve these goals, the EU would need to reduce emissions from its building stock by 60%, its final energy consumption by 14% and energy consumption from heating and cooling by 18% compared to 2015 levels.²² In 2020, the European Commission reported that the renovation of existing buildings could reduce the EU's total energy consumption by an estimated 5-6% and lower its total emissions by 5%.²³ The European Commission's Renovation Wave strategy aims to double annual energy renovation rates by 2030 from the 1% registered in 2019.^{24,25} In line with these commitments, the Energy Performance of Buildings Directive, requires all new buildings from 2021 to be nearly zero-energy buildings.^{26,27}

In the Swedish context, the construction and real estate sector accounted for 37% of the country's energy consumption and 21% of its GHG emissions in 2020.²⁸ As part of its Nationally Determined Contribution under the Paris Agreement, Sweden has established a national commitment to achieving net zero GHG emissions by 2045.²⁹ Sweden follows the EU's Energy Performance of Buildings Directive, aiming to modernize the buildings sector and encourage the construction and retrofitting of energy-efficient buildings.³⁰ In addition, the Swedish government has set a target in Sweden's Integrated Climate and Energy Policy adopted in 2009 to improve the energy efficiency of buildings by 20% by 2020 and by 50% by 2050.³¹ As part of Sweden's recovery and resilience plan, the government has set a budget of SEK 4.1 billion (EUR 347.7 million) to finance apartment buildings projects whose PED exceeds 100 kWh/m² and energy efficiency measures that improve the building's energy performance by at least 20%, in line with an annual renovation rate target of 3%.³²

Based on the above, Sustainalytics is of the opinion that Skandiabanken's financing of green buildings will contribute to emissions reduction in the buildings sector and will further support Sweden in achieving its climate targets.

²⁰ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

²¹ European Environment Agency, "2030 Climate Target Plan", at: <https://www.eea.europa.eu/policy-documents/2030-climate-target-plan>

²² European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

²³ European Commission, "In focus: Energy efficiency in buildings", (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en#:~:text=Renovating%20existing%20buildings%20could%20reduce,0.4%25%20to%201.2%25.

²⁴ European Commission, "Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU", (2019), at: https://energy.ec.europa.eu/publications/comprehensive-study-building-energy-renovation-activities-and-uptake-nearly-zero-energy-buildings-eu_en

²⁵ European Commission, "A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives", (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662>

²⁶ European Commission, "Energy performance of buildings directive", at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

²⁷ European Commission, "Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast)", (2010), at: https://eur-lex.europa.eu/legal-content/EN/ALL/;ELX_SESSIONID=FZMjThLLzfxmmMCQGp2Y1s2d3Tjwtd8QS3pqdkhXZbwqGwlqY9KN!2064651424?uri=CELEX:32010L0031#nr5-L_2010153EN.01001301-E0005

²⁸ Sweden Green Building Council, "A Net Zero Carbon Future", (2020), at: <https://www.sgbc.se/app/uploads/2020/04/NollCO2-Informationfolder-engelska.pdf>

²⁹ Ibid.

³⁰ European Parliament, "Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

³¹ Government of Sweden, "An integrated climate and energy policy", (2009), at: <https://www.sametinget.se/10183>

³² IEA, "Sweden's Recovery Plan / energy efficiency of apartment buildings", (2022), at: <https://www.iea.org/policies/13703-swedens-recovery-plan-energy-efficiency-of-apartment-buildings>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds issued under the Skandiabanken Green Bond Framework are expected to help advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

Skandiabanken has developed the Skandiabanken Green Bond Framework, under which it may issue green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future assets related to green buildings. Sustainalytics considers that the assets funded by the green bond proceeds are expected to generate positive environmental impacts.

The Skandiabanken Green Bond Framework outlines processes for tracking, allocation and management of proceeds and makes commitments for Skandiabanken to report on the allocation and impact. Sustainalytics believes that the Skandiabanken Green Bond Framework is aligned with the Bank's overall sustainability strategy and that use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics considers that Skandiabanken has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Skandiabanken is well positioned to issue green bonds and that the Skandiabanken Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Skandiabanken AB
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Skandiabanken Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 1, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]:</i>	

Section 2. Review overview

SCOPE OF REVIEW

The review:

- assessed the 4 core components of the Principles (**complete review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*).
- assessed only some of them (**partial review**) and confirmed the alignment with the GBP/SBP/SBG (*delete where appropriate*); please indicate which ones:
 - Use of Proceeds
 - Process for Project Evaluation and Selection
 - Management of Proceeds
 - Reporting
- assessed the alignment with other regulations or standards (CBI, EU GBS, ASEAN Green Bond Standard, ISO 14030, etc.); please indicate which ones:

ROLE(S) OF INDEPENDENT REVIEW PROVIDER

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other (please specify):

Does the review include a sustainability quality score?

- Of the issuer
- Of the project
- Of the Framework
- Other (please specify):
- No scoring

ASSESSMENT OF THE PROJECT(S)

Does the review include:

- The environmental and/or social features of the type of project(s) intended for the Use of Proceeds?
- The environmental and/or social benefits and impact targeted by the eligible Green and/or Social Project(s) financed by the Green, Social or Sustainability Bond?
- The potentially material environmental and/or social risks associated with the project(s) (where relevant)?

ISSUER'S OVERARCHING OBJECTIVES

Does the review include:

- An assessment of the issuer's overarching sustainability objectives and strategy, and the policies and/or processes towards their delivery?
- An identification and assessment of environmental, social and governance related risks of adverse impact through the Issuer's [actions] and explanations on how they are managed and mitigated by the issuer?
- A reference to the issuer's relevant regulations, standards, or frameworks for sustainability-related disclosure and reporting?

CLIMATE TRANSITION STRATEGY

Does the review assess:

- The issuer's climate transition strategy & governance?
- The alignment of both the long-term and short/medium-term targets with the relevant regional, sector, or international climate scenario?
- The credibility of the issuer's climate transition strategy to reach its targets?
- The level/type of independent governance and oversight of the issuer's climate transition strategy (e.g. by independent members of the board, dedicated board sub-committees with relevant expertise, or via the submission of an issuer's climate transition strategy to shareholders' approval).
- If appropriate, the materiality of the planned transition trajectory in the context of the issuers overall business (including the relevant historical datapoints)?
- The alignment of the issuer's proposed strategy and targets with appropriate science-based targets and transition pathways that are deemed necessary to limit climate change to targeted levels?
- The comprehensiveness of the issuer's disclosure to help investors assess its performance holistically?

Overall comment on this section:

Section 3. Detailed review

1. USE OF PROCEEDS

Does the review assess:

- the environmental/social benefits of the project(s)?
- whether those benefits are quantifiable and meaningful?
- for social projects, whether the target population is properly identified?

Does the review assess if the issuer provides clear information on:

- the estimated proceeds allocation per project category (in case of multiple projects)?
- the estimated share of financing vs. re-financing (and the related lookback period)?

Overall comment on this section:

The eligible category for the use of net proceeds – Green Buildings – is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDG 7.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Does the review assess:

- whether the eligibility of the project(s) is aligned with official or market-based taxonomies or recognised international standards? Please specify which ones. Sustainalytics has a proprietary taxonomy which is influenced by the EU taxonomy, Climate Bonds Initiative taxonomy as well as international standards.
- whether the eligible projects are aligned with the overall sustainability strategy of the issuer and/or if the eligible projects are aligned with material ESG-related objectives in the issuer's industry?
- the process and governance to set the eligibility criteria including, if applicable, exclusion criteria?
- the processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s)?
- any process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s)?

Overall comment on this section:

Skandiabanken's Green Bond Committee will be responsible for evaluating and selecting eligible loans in line with the Framework's eligibility criteria. The committee comprises representatives from Skandiabanken's Treasury and Sustainability departments. Eligible mortgages and loans must comply with Swedish regulation and Skandiabanken has in place a mechanism to manage and mitigate risks associated with them. Sustainalytics considers this and the project selection process to be in line with market practice.

3. MANAGEMENT OF PROCEEDS

Does the review assess:

- the issuer's policy for segregating or tracking the proceeds in an appropriate manner?
- the intended types of temporary investment instruments for unallocated proceeds?
- Whether an external auditor will verify the internal tracking of the proceeds and the allocation of the funds?

Overall comment on this section:

Skandiabanken's Treasury Department will be responsible for the management and allocation of net proceeds to eligible loans. The Bank will use its internal tracking systems to track the allocation of net proceeds and intends to allocate all net proceeds immediately at or within 12 months of issuance. Pending allocation, net proceeds may be temporarily held in the Bank's liquidity reserve and held as cash or placed in liquid instruments. Sustainalytics considers this process to be in line with market practice.

4. REPORTING

Does the review assess:

- the expected type of allocation and impact reporting (bond-by-bond or on a portfolio basis)?
- the frequency and the means of disclosure?
- the disclosure of the methodology of the expected or achieved impact of the financed project(s)?

Overall comment on this section:

Skandiabanken commits to report on the allocation of net proceeds in its Green Bond Investor Report on its website on an annual basis until the maturity of any outstanding green bond issued under the Framework. The allocation report will contain information about the amount of net proceeds and unallocated net proceeds, a breakdown by asset category and the share of financing versus refinancing. In addition, Skandiabanken will report on relevant impact metrics on a best-effort basis. Sustainalytics views the allocation and impact reporting as aligned with market practice.

Section 4. Additional Information

Useful links (e.g. to the external review provider's methodology or credentials, to the full review, to issuer's documentation, etc.)

Analysis of the contribution of the project(s) to the UN Sustainable Development Goals:

Additional assessment in relation to the issuer/bond framework/eligible project(s):

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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